



# ADVISOR



TEACHERS, EMPLOYEES, PUBLIC, STATE POLICE AND JUDICIAL

Vol. XXXIV — No. 10

SERVING OVER 325,000 MEMBERS

April 2009



## Chicago Tribune Praises RTJ

**T**he *Chicago Tribune* paid homage to Alabama's Robert Trent Jones Golf Trail with nearly two full pages, including six photos, in their weekend travel section.

Some of the highlights:

- Alabama to a tee: Prime season nears for a stunning golf trail that won't put your budget in the rough.
- During the last 15 years, Alabama has become an unlikely, but increasingly popular destination for golf; its combination of world class courses and affordable greens fees at the Robert Trent Jones Golf Trail's 11 sites drawing savvy golfers from across the country.
- The Trail and its individual courses routinely place near the top in golf magazine rankings and not only for affordability, though it is always near the top in the quality category.
- The Grand National resort in Opelika and Capitol Hill in Prattville ranked at the top of *Golf World* magazine's 2009 readers' choice awards. With good reason. The courses are beautiful and challenging at any level, a difficult combination of tough terrain, sand traps and water hazards that are a good but fun test for serious players and recreational golfers alike. ■

## RSA Buys Mobile Building

**T**he RSA has purchased the 34-story AmSouth building in Mobile from bankruptcy court for \$6.75 million. The RSA now owns the first and third tallest office buildings in Alabama.

The 1965 building has 280,000 square feet of leasable space, of which 180,000 square feet are currently leased. The building includes a 480-space parking deck. The RSA will use about 100 of those parking spaces for the Battle House Hotel, located directly across the street. The RSA foresees no problem in filling the remaining office space after renovations are complete.

The RSA's other office property in Mobile, the new 35-story RSA Battle House Tower, has all but two floors leased. ■



## A Different Solution

By David G. Bronner

**U**nless "Divine Intervention" is able to solve the Jefferson County sewer debt crisis, then maybe the decision makers should consider a different approach.

The conviction of over 20 companies and individuals with probably more to come makes it seem like never ending corruption in Jefferson County. This has been a major abuse of the citizens of Alabama. Hopefully with this new approach, the citizens of Jefferson County, much like the rest of us who have had to read about their sewer mess on a nearly daily basis for years, can move on to issues that can improve Alabama.

The overall sewer debt is now \$3.9 billion. The vast majority of these bonds are held by five banks, the largest being J.P. Morgan, which is at the heart of this scandal. If bonds were sold to the public with normal integrity that would be one matter, but they were not. These bonds are "soiled" in massive corruption. Normally, bankruptcy should be the absolute last resort, as the *Birmingham News* and a few business leaders believe. With all the corruption, it is absurd to once again punish the taxpayers with a bailout of the bad guys, much less to steal education funds from the kids of Jefferson County.

Because a serious difference of opinion exists on what needs to be done about the bonds, let us consider something different. How about returning to the actual bond agreement itself and live by it. These bonds are not *general obligation bonds*, but *revenue bonds*. There is a vast difference in such a legal obligation. Keep in mind, that many lawsuits against Alabama on this or that subject can last for decades. Consultants and lawyers will try to keep the "money train" going as long as possible.

Because they are *revenue bonds*, here is an idea the Jefferson County Commission should consider: First, reduce the current sewer rates that citizens pay to 15-25 percent above the national average. This is very reasonable because they now pay among the highest rates in the country. That should withstand any legal action. Second, because the bonds are *revenue bonds*, give the bondholders the revenue and nothing more. That is why we call them revenue bonds! Finally, relax and forget about it for awhile. Then sit back and watch the fight between bondholders, bond insurers, and investment bankers who "ripped-off" the taxpayers of Jefferson County in the first place. ■

# Business vs. The White House

Obama's budget is spurring companies to protest everything from its planned health-care reform to curbs on emissions.

## What Obama Wants

### EMISSIONS

To cut emissions that cause global warming, the Administration proposes a "cap and trade" system. This would require companies to pay \$646 billion over eight years to buy the tradable rights to emit such pollutants. Much of the money would be returned to consumers.

### HEALTH CARE

Obama has provided \$634 billion in the proposed budget to help pay for health-care reforms over the next 10 years. Half that sum will come from tax hikes and half from cuts in Medicare payments to insurers, drug companies, and hospitals.

### FOREIGN TAX

Multinationals currently can defer U.S. taxes on profits earned abroad until they bring the funds back home. The Administration says that encourages companies to ship jobs overseas. It plans to raise \$210 billion by limiting the tax deferral and other overseas breaks.

### INCOME TAX

Obama would boost the top rates for families making more than \$250,000 from 33% to 36%; those earning over \$370,000 would go up to 39.6%. Capital-gains and dividends rate would rise from 15% to 20%. Deductions for mortgage interest and charitable giving drops to 28%.

### DRILLING

Converting the economy to cleaner energy has emerged as one of the Administration's top goals. If it has its way, that means an end to a host of tax breaks for oil and gas producers, including tax credits aimed at spurring domestic offshore drilling.

### FARM SUBSIDIES

The President wants to end what he considers wasteful agricultural subsidies. He's counting on saving \$9.8 billion over 10 years by capping payments at \$250,000 annually to farmers whose gross sales don't exceed \$500,000 a year.

## What Business Thinks

Many companies do not oppose a price tag on carbon emissions, since it provides more certainty and boosts investments in efficiency and renewable energy. But they worry that selling all the permits from the start could impose a huge burden on the companies involved.

On the surface, business broadly backs health-care reform. But the cracks are starting to show: Insurers fear competition from government-backed rivals, hospitals worry costs will be squeezed, and drug makers face far lower prices.

Companies fear they'll be at a competitive disadvantage if they have to pay U.S. rates on foreign operations while their rivals pay lower local rates. Any loss of revenues overseas, they add, will result in U.S. jobs lost, not gained.

Fears that tax hikes will discourage the well-off from investing are shared by a host of businesses, from home-builders and mortgage brokers desperate for a housing rebound to mutual fund companies and other investment managers struggling to keep investors in the market.

The oil industry plans to mount a fierce fight to keep its tax perks, arguing that Obama's plan puts jobs and energy security at risk. Plus, making drilling more expensive in the U.S. could encourage oil giants to shift even more investment in exploration abroad.

The agriculture lobby, which spent \$131 million in lobbying in 2008, is among the fiercest defenders of turf in Washington. It will argue that farmers can't stay in business, especially in a tough economy, without supports for cotton, rice, and other crops.

Data: Office of Management & Budget, *BusinessWeek*

## Notice to Retirees: Changes in Income Tax Withholding

New withholding tables created by the American Recovery and Reinvestment Act of 2009 may reduce the amount of income tax withheld from your benefit payment, effective with your April 30 benefit check. Because pension income is not subject to the Making Work Pay credit, your tax liability will not change; however, the IRS requires the RSA to use these new withholding tables.

Thus, some retirees may owe more

taxes and possibly penalties at the end of the tax year due to less income tax being withheld. You are not required to make a change to your current withholdings, but if you do not want to have your withholding reduced, you need to file a new withholding form with the RSA.

To change the amount of federal income tax withheld from your retirement benefit, complete and submit to the RSA **Form W-4P** located on the IRS Web site at [www.irs.gov/formspubs](http://www.irs.gov/formspubs), OR **Withholding**

**Certificate for Pension or Annuity Payments** located on the RSA Web site at [www.rsa-al.gov](http://www.rsa-al.gov). If you do not have access to the internet, contact the IRS by phone at 800.829.1040 or the RSA at 877.517.0020 for the correct form.

If you have questions regarding these changes, please contact the IRS or a qualified tax advisor. The RSA is not able to advise retirees on tax issues. ■

# Right Approach to State Aid

*The New York Times*

Gov. Arnold Schwarzenegger of California acted in the best interest of his state when he announced that he would accept the same federal stimulus aid for the unemployed that some of his fellow Republicans have threatened to reject.

The money will allow California to replenish its unemployment fund, which is running on borrowed money. In accordance with stimulus law, the state will also extend desperately needed benefits to low-income workers and others who would otherwise be denied them at a time when jobs are disappearing in record numbers.

Critics like Gov. Bobby Jindal of Louisiana claim that expanding unemployment programs would require states to raise taxes. This does not hold water. Tax increases are typically triggered when unemployment trusts funds shrink

below specified levels—not when they are filled by a huge infusion of federal cash, as would happen in this case. The more money in the fund, the less likely a tax increase.

The stimulus would be especially helpful in the half-dozen states that have been forced to finance their unemployment systems through borrowing. In general, the flood of federal dollars would stoke state economies, putting money in the hands of people who would spend it to feed, clothe and house their families. The healthier the economy, the less likely a tax increase becomes.

In addition to the \$7 billion it spends on benefits for the unemployed, the stimulus sets aside \$500 million to help the states with administrative costs. States that have run out of employment money—and have been borrowing to sustain their programs—should be wel-

coming this money with open arms.

But some Republicans have opposed it on strictly ideological grounds. In addition, states that pay miserly benefits—limiting them to a relatively small percentage of the jobless—worry that it will be politically difficult to rescind expansions of the program once the stimulus is exhausted. That is no doubt true. But it is not a valid reason for refusing to expand benefits while the money is available, especially in the poverty-plagued Deep South.

Mr. Schwarzenegger's decision to embrace the stimulus will put added pressure on those in his party who seem more interested in scoring political points against the Obama administration than in helping unemployed voters in their states. It is only a matter of time before those voters begin demanding a fair share of this fund. ■

## Newspapers Call For Premium Hike

Source: *AEA Journal*

Battle lines are being drawn, on the fight over raising health care premiums for educators, with state newspapers entering the fray.

The editorial pages of every major Alabama daily newspaper have joined forces with big business interests and their allies in the Legislature endorsing HB569, a bill that if passed would raise health care premiums annually by up to \$300 for individuals and \$600 for family coverage.

In recent days the *Montgomery Advertiser*, *Huntsville Times*, and the *Birmingham News* all have come out for the measure, and singled out AEA's Paul Hubbert for criticism, saying he is playing fast and loose with health coverage. Last year the *Mobile Press Register* famously wrote that educators constituted a "privileged political class" because of their "gravy train" health and retirement benefits.

"The idea that somehow we must choose between jobs and benefits is simply wrong," said Hubbert. "We will fight this bill because it is a pay cut, and I don't see any newspaper or proponent of this bill saying that educators are overpaid."

One of the glaring distortions in the editorials written about raising premiums is that AEA and its members have done nothing about health care funding.






"Apparently, these folks never kept up the number of times school employees have gone without salary increases in order to fund PEEHIP. They were not around when we instituted cost cutting measures like focusing on generics for prescription drugs. But now when there are problems in the education budget, they think it is fine to balance the budget on the backs of employees," said Hubbert.

Hubbert notes that AEA is the only organization that can defeat such powerful interests when they go after K-12 employees and retirees with measures like HB569.

"It is times like these when it is critical that our membership is strong and active. This is why education employees join AEA, because if we don't all stand together, we would be at the mercy of the special interests that don't care one bit about education." ■

## TOP SOVEREIGN WEALTH FUNDS

ASSETS, IN BILLIONS

	<b>\$875</b> Abu Dhabi Investment Authority
	<b>330</b> Gov't of Singapore Investment Corp.
	<b>301</b> Gov't Pension Fund-Global (Norway)
	<b>264</b> Kuwait Investment Authority
	<b>200</b> China Investment Corp.

As of Dec. 31, 2008. Sources: Bloomberg, Sovereign Wealth Fund Institute

## ANNUAL REPORT AVAILABLE

Telephone  
877-517-0020 or 334-517-7000  
Or Write\*  
RSA Annual Report  
P.O. Box 302150  
Montgomery, AL 36130-2150

\*Include your Name/Address and Zip Code

ENJOY YOUR SPRING/SUMMER  
A Special Deal  
FOR RSA MEMBERS

**The Battle House,  
A Renaissance Hotel – Mobile – \$89**

- Apr. 1–5, 10–12, 19–23, 28–30
- May 2–7, 10–15, 25–31
- June 1–5, 12–14, 18–20, 28–30

**The Renaissance Riverview Plaza –  
Mobile – \$79**

- Apr. 1–5, 8–9, 11–13, 19–23, 26–30
- May 14–16, 22–25
- June 1–5, 12–14, 18–20, 28–30

**Marriott Grand – \$89** plus a 14% resort fee

- Apr. 2–9, 12, 19–22, 26–30
- May 3–13, 17–18, 24–28
- June 3–4, 7–10, 28

**Marriott Grand – RSA Golf Package – \$169**

Ask for code – LOCD

Includes: Deluxe Room, One Round of Golf for Two People.

Call for Tee Times after booking package

- Apr. 2–9, 12, 19–22, 26–30
- May 3–13, 17–18, 24–28
- June 3–4, 7–10, 28

**Marriott Shoals – Florence – \$79**

- Apr. 3–6, 19–20, 30
- May 10–11, 17–18, 24–27, 31
- June 10–11, 18, 21–23

**Renaissance Ross Bridge – Hoover – \$89**

- Apr. 5–16, 22, 26–27 • May 3–5, 24–31
- June 1–4, 7–14, 18–19, 21, 25, 28

**Opelika Marriott – \$79**

- Apr. 1–14, 19–22, 24–26, 28–29
- May 1–3, 7, 10–11, 17–30
- June 2–11, 16–18, 21–30

**Prattville Marriott – \$79**

- Apr. 1, 4–7, 9–15, 19–23, 26–30
- May 1–7, 10, 12, 14, 17–18, 21–31
- June 1–4, 7–10, 13–15, 18, 21–24, 28–30

**Renaissance Montgomery – \$89**

- Apr. 1–5, 9–13, 19, 25–27, 30
- May 1, 5, 10, 14, 16–17, 21, 24–31
- June 1–2, 5–7, 14–15, 19–20, 27–30

**RSA Spa Package – \$159**

Ask for code – LOCD Includes Deluxe Room

- Apr. 1–2, 13, 30 • May 5, 14, 21, 26–28
- June 2, 30

*Rates available the 1st of the month and are not applicable to groups.*

Code: RABM, 800-228-9290

Internet promo code: R2A on [marriott.com](http://marriott.com)

# Retire Online. It's So Easy!

Jody Harris, Social Security Administration

**S**ocial Security has a new online retirement application.

You can apply for retirement benefits from the comfort of your home or office at [www.socialsecurity.gov](http://www.socialsecurity.gov). There is no need to drive to your local Social Security office or wait for an appointment with a Social Security representative. You can complete the new online retirement application in as little as 15 minutes. It's so easy!

In most cases, you click the "Sign Now" button and submit the application electronically. That is all you need to do. There are no forms to sign, and usually no additional documents are required. Social Security will contact you directly if more information is needed.

If you are uncertain about when to retire, you can check out the online fact sheet, "When To Start Receiving Retirement Benefits." If you are not ready to retire, you can plan for retirement using Social Security's online Retirement Estimator. It is a great financial planning tool that will give you an immediate and personalized estimate of how much your retirement benefits would be if you stopped working at age 62, age 66, age 70 or any point in between. ■



## The ADVISOR

### CEO

David G. Bronner

### Deputy

Marcus H. Reynolds

### Executives

#### Communications

Michael E. Pegues

#### Chief Accountant & Financial Officer

Diane E. Scott

#### Employees' and Judicial Retirement

R. Donald Nelson

#### Field Services

Judy P. Utley

#### Information Technology Services

Michael T. Baker

#### Investments

R. Marc Green

#### Legal

William T. Stephens

William F. Kelley, Jr.

#### Legislative Counsel

Lindy J. Beale

#### Member Services

Penny K. Wilson

#### RSA-1

Teresa B. Pettus

#### Teachers' Health Insurance

Lee M. Hayes

#### Teachers' Retirement

Donald L. Yancey

The Retirement Systems of Alabama

201 South Union Street

P.O. Box 302150

Montgomery, Alabama 36130-2150

Phone: 334-517-7000

877-517-0020

RSA Web site

[www.rsa-al.gov](http://www.rsa-al.gov)

PERMIT NO. 402  
MONTGOMERY, AL  
**PAID**  
U.S. POSTAGE  
PRSR STD

RETIREMENT SYSTEMS OF ALABAMA  
201 SOUTH UNION STREET  
P.O. BOX 302150  
MONTGOMERY, ALABAMA 36130-2150

Enjoy Your State  
Visit Your Hotels, "The Spa Trail" and "RTJ Golf Trail!"